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2017 Award for Excellence
in Corporate Disclosure
– Emerging Markets –

SAAJ The Securities Analysts
Association of Japan

FREUND CORPORATION

Results of Operations

for the First Half of the Fiscal Year Ending February 28, 2018 (FY2/18)



(Securities code: 6312)

October 13, 2017

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I. Financial Summary for 1H of FY2/18

Financial Highlights

- Freund Corporation: Sales and earnings up due to order backlog at end of FY2/17 and earlier than planned completion of high-margin projects
- F-Vector: Operating loss caused by increase in SG&A expenses
- F-Turbo: Higher sales and earnings

(Millions of yen)

	FY2/18	1H FY2/17	1H FY2/18		YoY change	
	Forecast	Results	Results	Progress ratio (%)	Amount	%
Net sales	21,000	8,762	9,789	+46.6	+1,026	+11.7
Operating profit	2,100	687	1,074	+51.1	+387	+56.4
Ordinary profit	2,100	708	1,091	+52.0	+382	+54.0
Profit	1,400	306	734	+52.4	+428	+139.7
Earnings per share (yen)	81.19	17.77	42.59	+52.5	+24.82	+139.7
Capital expenditures	650	318	161	+24.8	(157)	(49.4)
Depreciation	360	155	171	+47.5	+16	+10.3
R&D expenses	550	285	425	+77.3	+140	+49.1

Machinery Business: Overview

- TABREX order expected in first half was delayed to the second half
- In the pharmaceutical machinery sector in Japan, client companies have greatly reduced investment plans
- In the industrial machinery sector, the mix of orders is changing for lithium-ion batteries and other categories

(Millions of yen)

	FY2/18 Forecast	1H FY2/17		1H FY2/18	
	Amount	Amount	YoY change (%)	Amount	YoY change (%)
Orders received	-	8,406	+24.9	5,984	(28.8)
Order backlog	-	9,765	+12.6	7,465	(23.6)
Net sales	15,410	5,697	+14.1	7,171	+25.9
Pharmaceutical machinery	-	4,559	+0.5	6,132	+34.5
Industrial machinery	-	1,138	+149.7	1,039	(8.7)
Operating profit	-	567	+273.0	868	+53.1
Yen/dollar rate (+ is yen depreciation)	110.0	111.7	-8.6 yen/dollar	111.4	-0.3 yen/dollar

Machinery Business: Group Company Performance

- Freund Corporation sales and earnings up because of order backlog at end of FY2/17
- F-Vector sales higher than one year earlier but higher SG&A expenses resulted in an operating loss
- Marketing orders and activities (user trials) under way for the TABREX Rev. tablet printer

(Millions of yen)

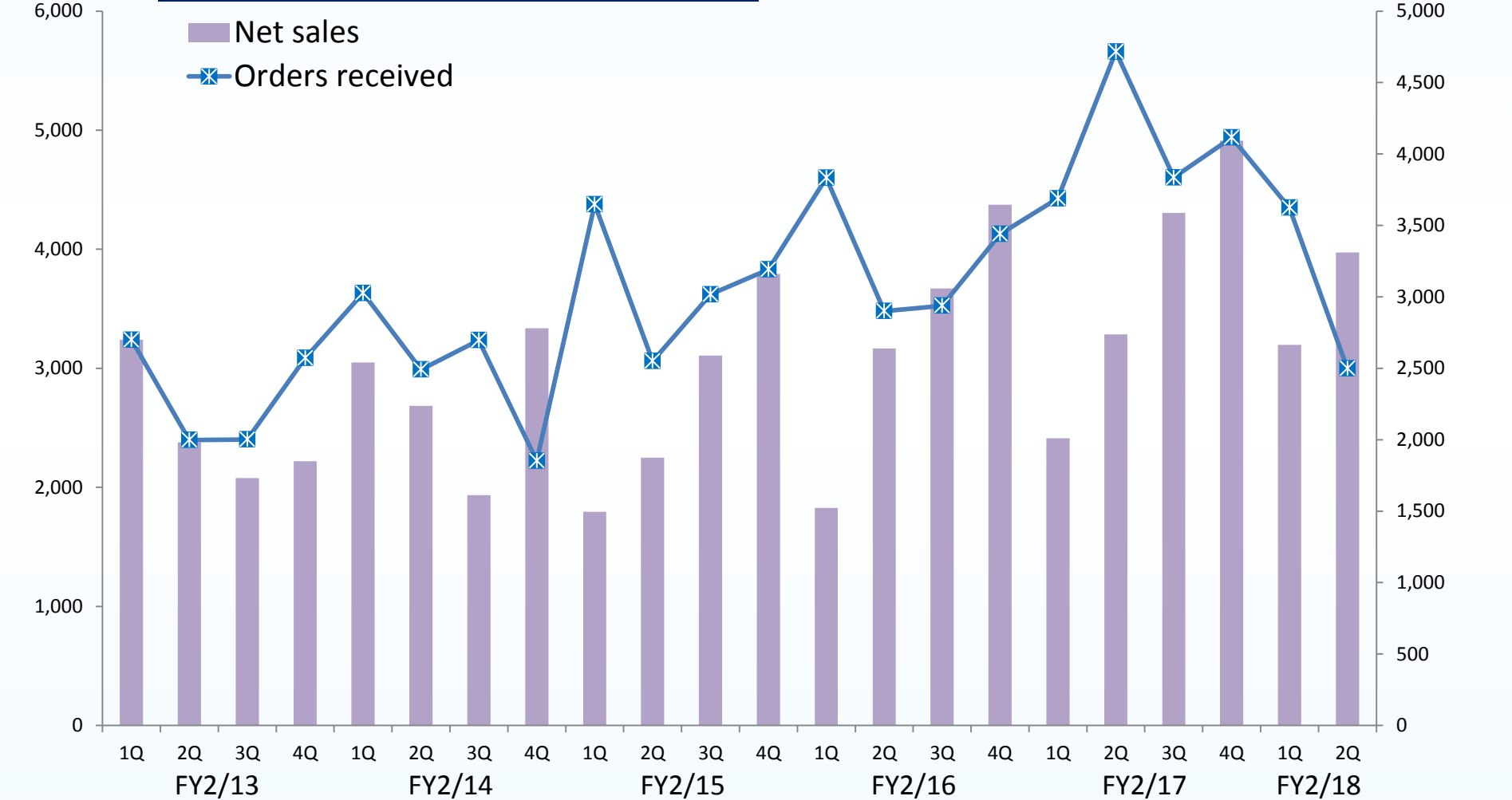
	FY2/18 Forecast	1H FY2/17		1H FY2/18	
	Amount	Amount	YoY change (%)	Amount	YoY change (%)
Net sales	15,410	5,697	+14.1	7,171	+25.9
Freund Corporation	-	3,990	+13.1	4,775	+19.7
Freund-Vector Corporation	-	1,253	+1.0	1,884	+50.4
Freund-Turbo Corporation	-	706	+77.2	783	+11.0
Operating profit		567	+273.0	868	+53.0
Major subsidiaries					
Freund-Vector Corporation	-	(14)	-	(42)	-
Freund-Turbo Corporation	-	43	-	66	+52.8
Sales by geographic region					
Japan	-	4,195	+23.7	4,559	+8.7
North/South America	-	1,104	+36.8	1,119	+1.4
Europe/Africa	-	263	(19.8)	1,018	+286.3
Middle East/Asia/Oceania	-	134	(71.2)	473	+251.8

Machinery Business: Orders received

FY2/13 – FY2/18

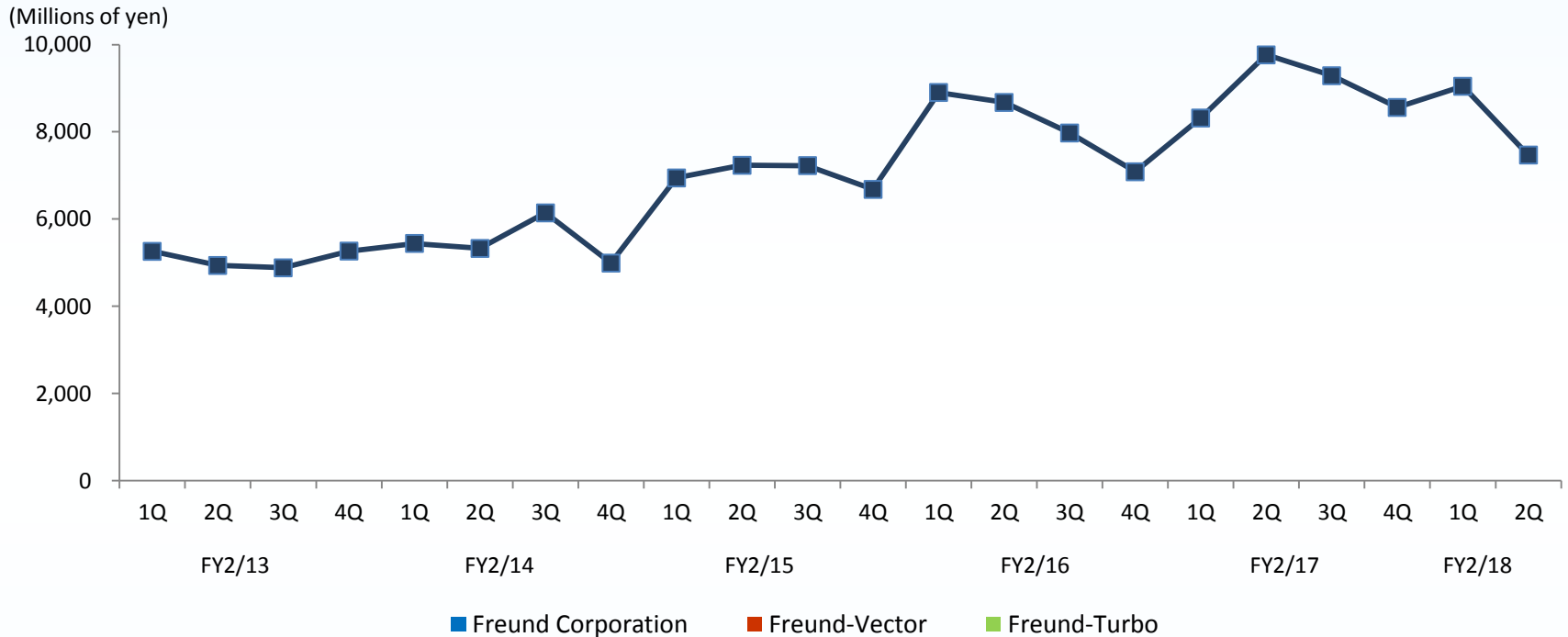
Net sales
(Millions of yen)

Orders received
(Millions of yen)



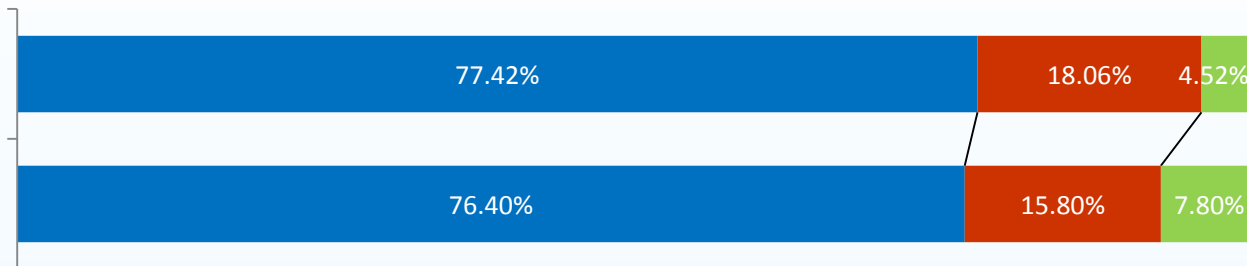
Machinery Business: Order Backlog

FY2/13 – FY2/18



As of Aug. 31, 2016
¥9.76 billion

As of Aug. 31, 2017
¥7.46 billion



Chemicals Business: Overview

- Sales of pharmaceutical excipients to generic drug companies increased. Sales of new food products significantly decreased (included in the plan)
- An improvement in the product mix was responsible for lower sales but higher earnings
- Sales in the food preservatives category are in line with the plan

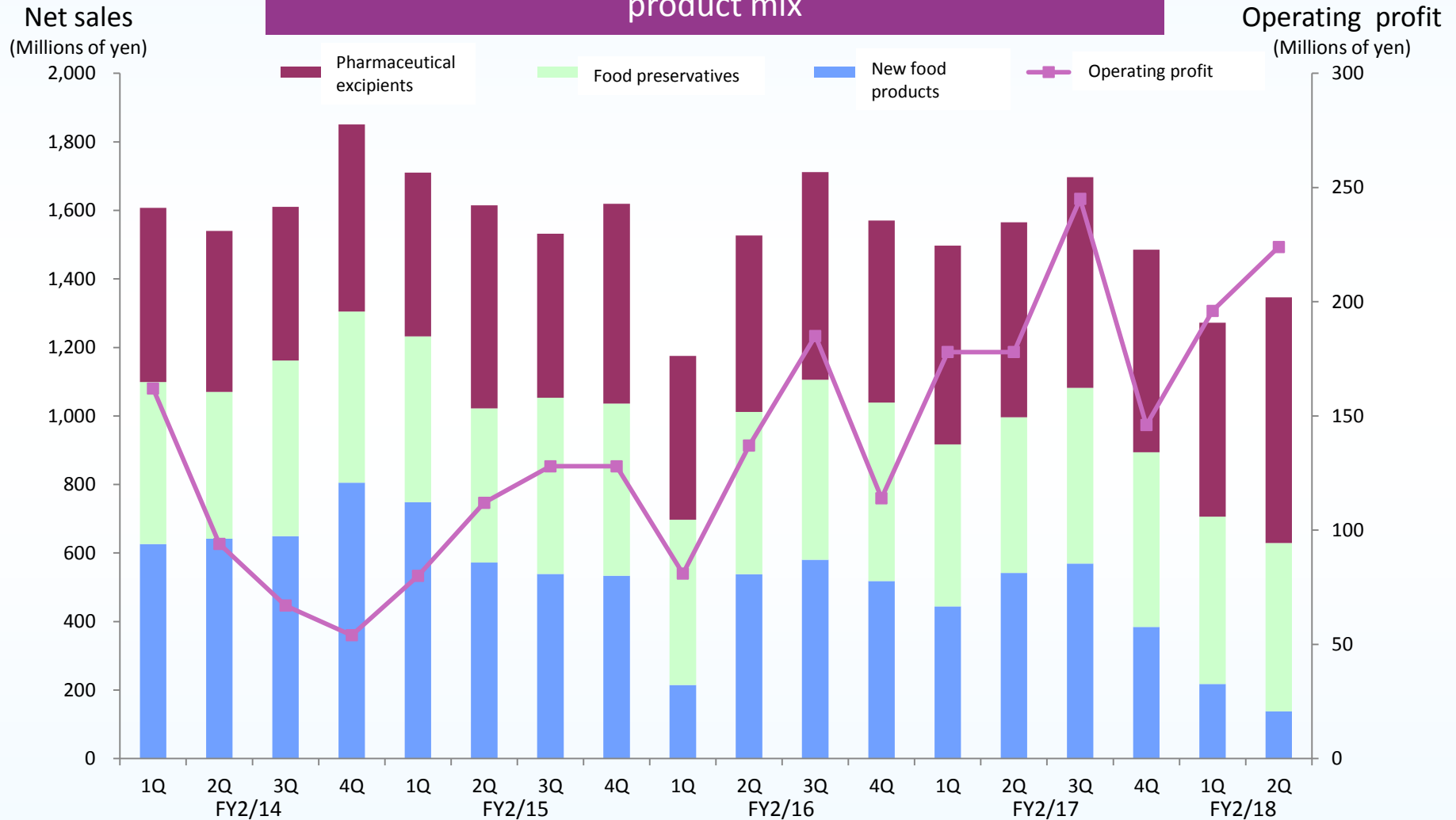
(Millions of yen)

	FY2/18 Forecast	1H FY2/17		1H FY2/18	
	Amount	Amount	YoY change (%)	Amount	YoY change (%)
Net sales	5,590	3,065	+13.4%	2,617	(14.6)%
Pharmaceutical excipients	-	1,150	+15.7%	1,280	+11.3%
Food preservatives	-	927	(3.0)%	980	+5.8%
New food products	-	987	+31.0%	356	(63.9)%
(Export sales)* ¹	-	51	(1.9)%	67	+31.7%
Operating profit	-	357	+63.0%	420	+17.9%

*1: Sales to India, South Korea and Taiwan

Chemicals Business: Trends

Segment profit increased due to an improvement in the product mix



Summary of Statement of Income

(Millions of yen)

	1H FY2/17		1H FY2/18		YoY change	
	Amount	Share (%)	Amount	Share (%)	Amount	%
Net sales	8,762	100.0	9,789	100.0	+1,026	+11.7
Cost of sales	5,900	67.3	6,317	64.5	+416	+7.1
Gross profit	2,862	32.7	3,471	35.5	+609	+21.3
SG&A expenses	2,175	24.8	2,397	24.5	+222	+10.2
Operating profit	687	7.8	1,074	11.0	+387	+56.4
Non-operating income (expenses)	21	0.2	17	0.2	(4)	(20.9)
Ordinary profit	708	8.1	1,091	11.2	+382	+54.0
Extraordinary income (losses)	(230)	-	(1)	-	+228	-
Profit before income taxes	478	5.5	1,089	11.1	+610	+127.6
Profit	306	3.5	734	7.5	+428	+139.7

Non-operating income (expenses)

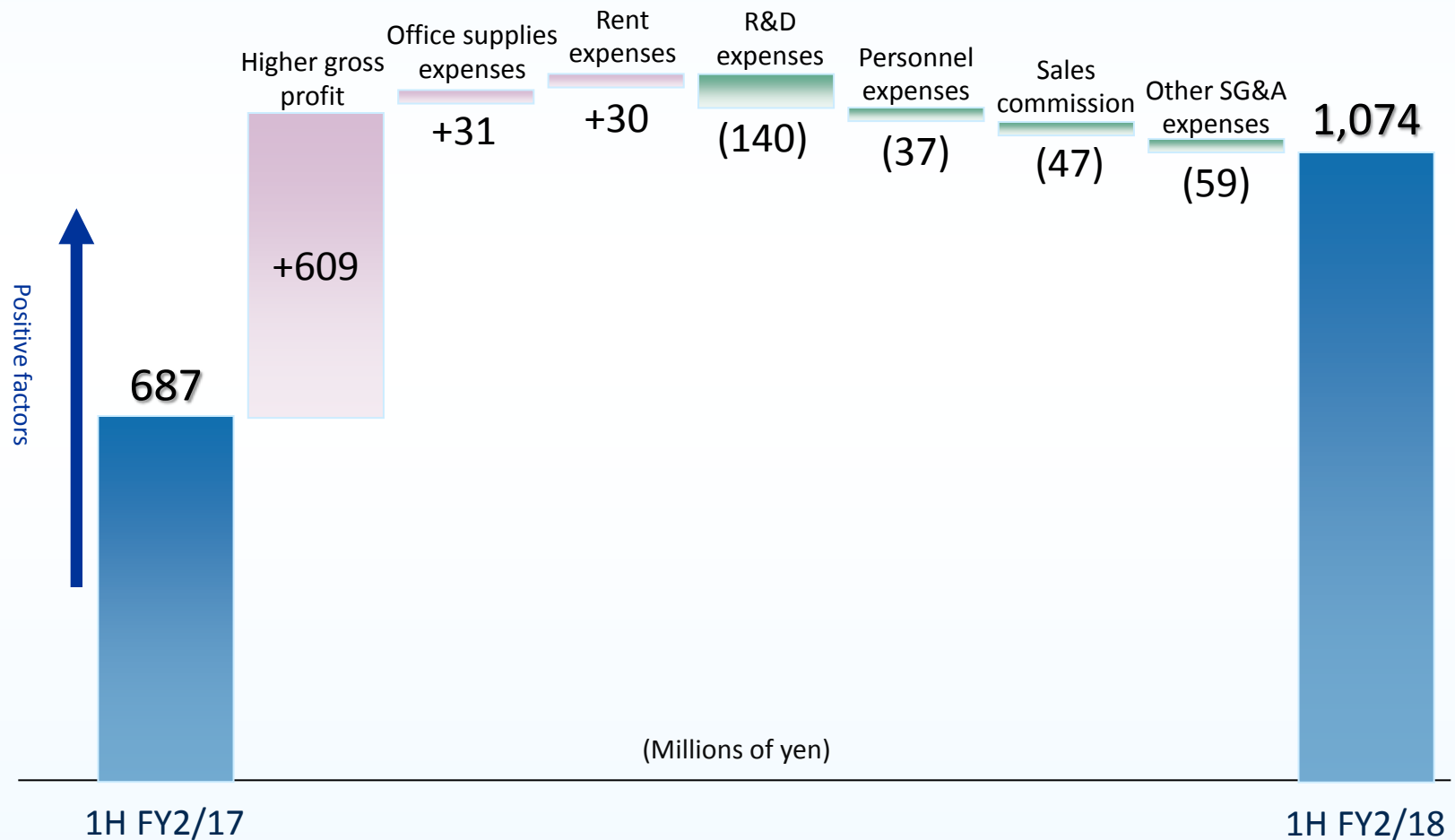
- Non-operating income → 24
- Non-operating expenses → (7)

Extraordinary income (losses)

- Loss on sales of non-current assets → (1)

Change in Operating Profit

- Operating profit increased because of growth in sales, sales of high-margin machinery and an improvement in the sales mix of chemicals



Summary of Balance Sheet

(Millions of yen)

	Feb. 28, 2017	Aug. 31, 2017	Change
Current assets	14,938	15,012	+74
Cash and deposits	6,982	6,000	(982)
Accounts receivable *1	4,403	5,028	+624
Inventories	2,765	3,344	+579
Non-current assets	4,162	4,109	(53)
Property, plant and equipment	3,234	3,219	(15)
Intangible assets	55	32	(23)
Investments and other assets	872	857	(15)
Total assets	19,101	19,122	+21
Current liabilities	6,592	6,256	(336)
Accounts payable *1	3,058	3,289	+231
Advances received	1,831	1,707	(124)
Non-current liabilities	323	333	+9
Net defined benefit liability	201	207	+6
Total liabilities	6,916	6,589	(326)
Total net assets	12,185	12,532	+346

Inventories

+¥579 million

- Merchandise and finished goods (57)
- Work in process +570
- Raw materials and supplies +66

Property, plant and equipment

- Buildings and structures, net (44)

Intangible assets

- Depreciation (23)

*1: Includes electronically recorded monetary claims-operating and obligations-operating

Summary of Statement of Cash Flows

(Millions of yen)

	1H FY2/17	1H FY2/18
Cash flows from operating activities	1,480	(375)
Profit before income taxes	478	1,089
Depreciation	155	171
Decrease (increase) in notes and accounts receivable-trade	626	(632)
Decrease (increase) in inventories	(1,326)	(602)
Increase (decrease) in advances received	1,281	(113)
Increase (decrease) in notes and accounts payable-trade	774	306
Income taxes paid	(94)	(460)
Cash flows from investing activities	(268)	(224)
Purchase of property, plant and equipment	(342)	(228)
Cash flows from financing activities	(247)	(368)
Repayments of lease obligations	(31)	(24)
Cash dividends paid	(215)	(343)
Net increase (decrease) in cash and cash equivalents	858	(982)
Cash and cash equivalents at end of period	4,900	6,000

II. Medium-term Management Plan Progress and Market Conditions

Seventh Medium-term Management Plan

Core Strategy and Targets

Core Strategy

Create a structure for business operations that can use technologies to meet the true needs of customers and achieve consistent growth in earnings

Create special forms of value

Always use the customer's perspective

Networking

Sales and Earnings Targets

Net sales:	¥30.0 billion
Operating profit:	¥3.0 billion
Operating margin:	10% (FY2/22)
ROE:	8% or more (FY2/22)

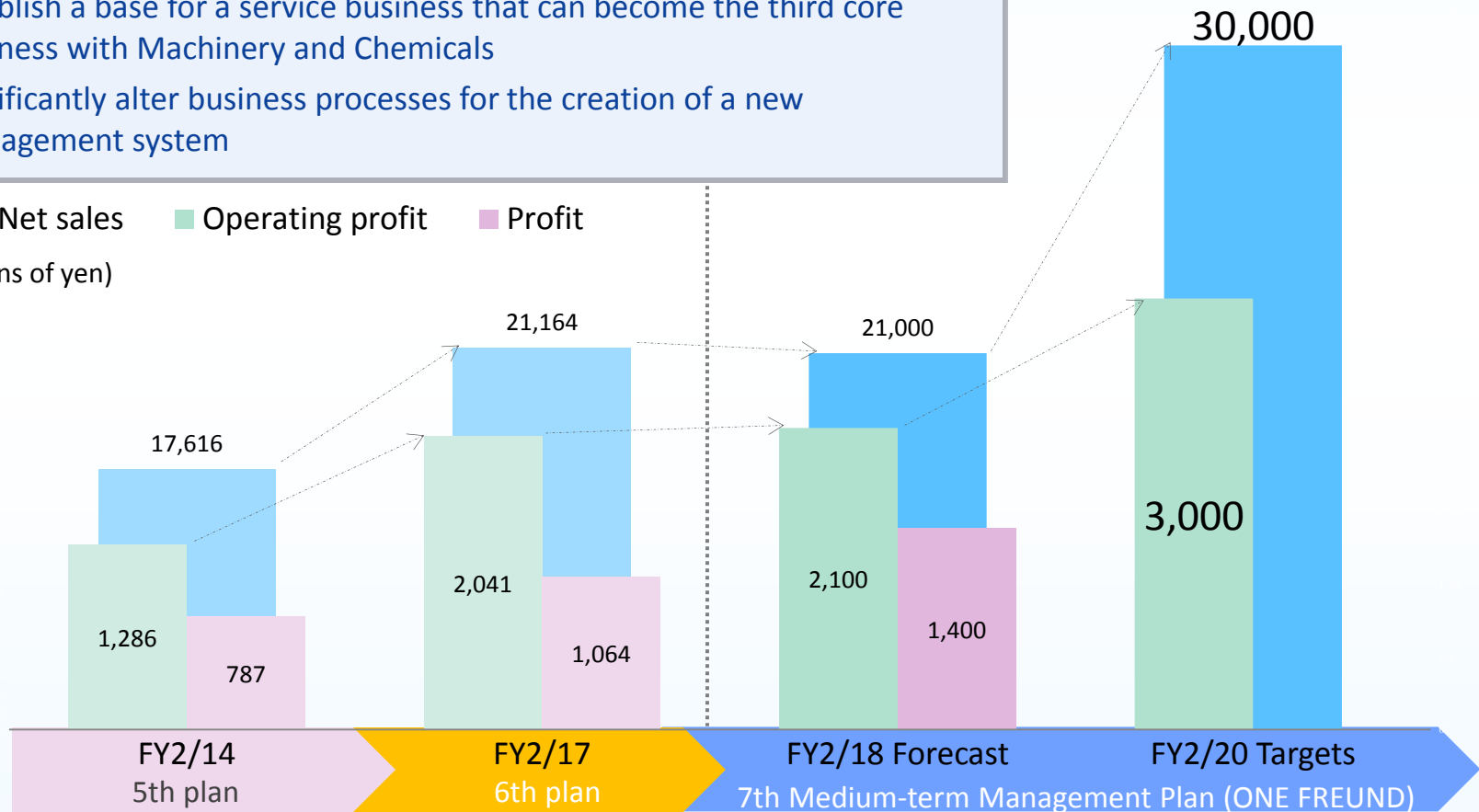
- Further improve profitability of the Machinery and Chemicals businesses (raise the operating margin above 10%)
- Develop new products that can become major contributors to sales alongside current products (real sales growth of 50%)
- Establish a base for a service business that can become the third core business with Machinery and Chemicals
- Significantly alter business processes for the creation of a new management system

FY2/20 (Seventh Medium-term Management Plan) Targets

- Further improve profitability of the Machinery and Chemicals businesses (raise the operating margin above 10%)
- Develop new products that can become major contributors to sales alongside current products (real sales growth of 50%)
- Establish a base for a service business that can become the third core business with Machinery and Chemicals
- Significantly alter business processes for the creation of a new management system

Net sales	¥30.0 billion
Operating profit	¥3.0 billion
Operating margin	10%
ROE	8% or more

■ Net sales ■ Operating profit ■ Profit
 (Millions of yen)



Machinery Business: Progress Report

- Increase sales of tablet printers
- Launch strategic new products
- Grow in overseas markets
- Use Freund's drug and powder technologies in other business sectors

Pharmaceuticals

- Increase sales of the TABREX Rev. tablet printer ○
- Expand operations in India and China ○
- Start selling continuous production equipment (GF) △
- Create ideas for operating leases and other new businesses △
- Establish and launch a product lifecycle management business model △

Manufacturing

- Start selling equipment to manufacturers of lithium-ion batteries △
- Create equipment for the development of new materials △
- Increase sales of fluid-bed granulation devices for the food industry △

* ○ : Producing benefits △ : Just started × : To be started

Chemicals Business: Progress Report

- Increase production capacity for pharmaceutical excipients and food preservatives
- Target India for excipients and the ASEAN region for food preservatives

Pharmaceutical excipients

- Framework for sharing customer info by the machinery and excipients divisions △
- Use core technologies to refine drug formulation techniques △
- Increase output capacity of facilities at the Hamamatsu office ○
- Increased commitment to Good Manufacturing Practice for excipients ○
- Overseas excipients △

Food preservatives

- Overseas growth with support of the Overseas Sales Division △
- Start selling products in food sectors other than the confectionery category △
- Establish a quality management system △
- Start selling oxygen-absorbing products for preserving food △
- Cut expenses → Increase production capacity △

* ○ : Producing benefits △ : Just started × : To be started

First Half Highlights

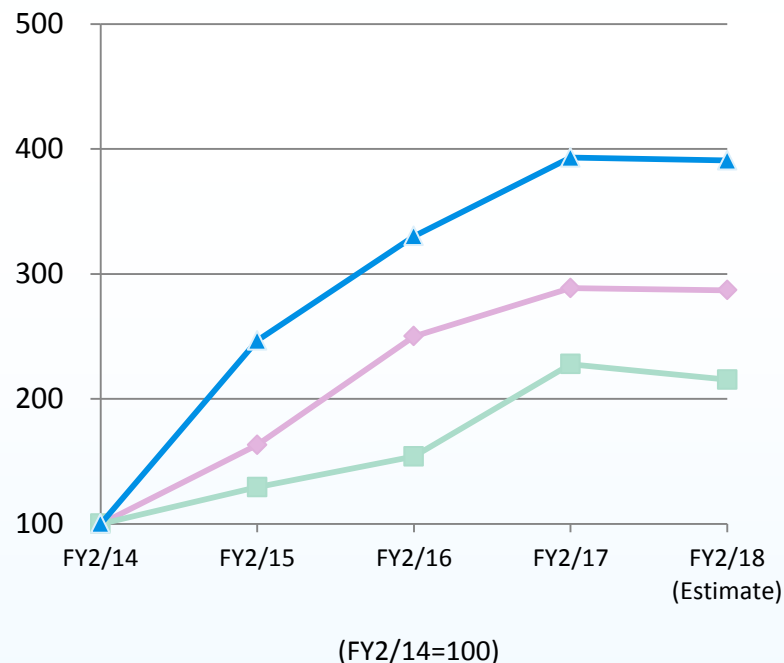
- Sales in other market sectors unable to offset weak capital expenditures by generic drug manufacturers in Japan
- Sales of pharmaceutical excipients continued to grow

Machinery Orders Received

(Millions of yen)

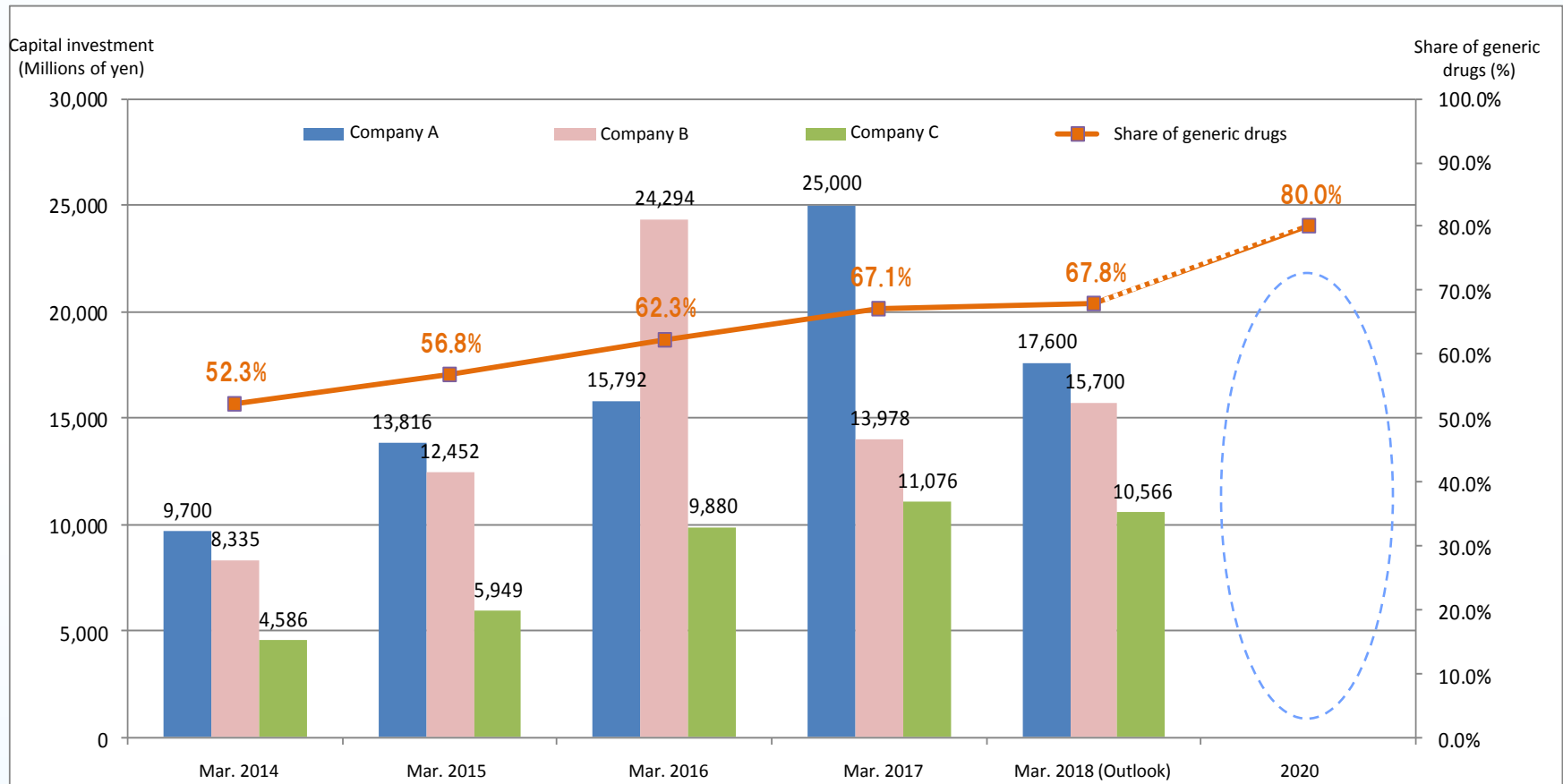
	1H FY2/17	1H FY2/18
Orders received	8,406	5,984
Pharmaceutical	7,214	4,970
Industrial machinery	1,191	1,014
Order backlog	9,765	7,465
Pharmaceutical	8,775	6,605
Industrial machinery	990	860

Sales of pharmaceutical excipients to three major generic drug manufacturers



Generic Drug Market Share and Capital Expenditures of the Three Major Manufacturers

- Currently analyzing upcoming pharmaceutical company capital expenditures; the outlook is uncertain
- Strong sense of a slowdown in the pharmaceutical equipment industry



Source: FREUND study based on information disclosed by each company

III. Earnings and Dividend Forecasts for FY2/18

Earnings Forecasts for FY2/18

- Machinery: Offsetting the decline in capital expenditures at Japanese pharmaceutical companies with new products and growth in industrial machinery sales
- Chemicals: Further improvement in the product mix

(Millions of yen)

	FY2/17	FY2/18 (Forecast)	YoY change	
			Amount	%
Net sales	21,164	21,000	(164)	(0.8)
Operating profit	2,041	2,100	+59	+2.9
Ordinary profit	2,097	2,100	+3	+0.1
Profit	1,064	1,400	+336	+31.5
Earnings per share (yen)	61.72	81.19	+19.47	+31.5
Capital expenditure	564	-	-	-
Depreciation	338	-	-	-
R&D expenses	640	-	-	-

Segment Forecasts

- Machinery: Plan to capture orders for new products and from industrial machinery sector
- Chemicals: Forecast lower sales caused by fewer large orders for new food products but higher earnings due to an improvement in the product mix

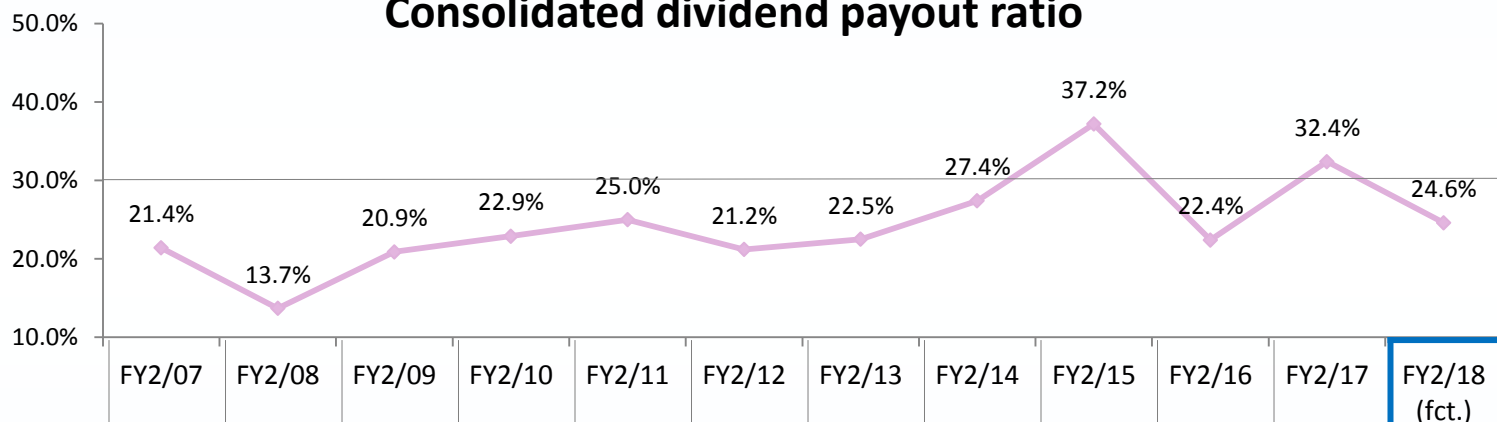
(Millions of yen)

	FY2/17		FY2/18 (Forecast)		YoY change	
	Amount	Share (%)	Amount	Share (%)	Amount	%
Consolidated sales	21,164	100.0	21,000	100.0	(164)	(0.8)
Machinery	14,914	70.5	15,410	73.4	+496	+3.3
Chemicals	6,249	29.5	5,590	26.6	(659)	(10.5)
Segment profit	2,041	100.0	2,100	100.0	+59	+2.9
Machinery	1,750	85.7	NA	-	-	-
Chemicals	748	36.6	NA	-	-	-
Elimination or corporate	(456)	(22.3)	NA	-	-	-
Yen/dollar rate (+ is yen appreciation)	109.5	-	110.0	-	-	-

Dividend Forecasts

- Consolidated dividend payout ratio target is 30%
- Plan to pay a dividend of 20 yen per share by replacing the prior year's 5 yen commemorative dividend with a 5 yen ordinary dividend increase

Consolidated dividend payout ratio



	FY2/07	FY2/08	FY2/09	FY2/10	FY2/11	FY2/12	FY2/13	FY2/14	FY2/15	FY2/16	FY2/17	FY2/18 (fct.)
Profit (Millions of yen)	403	943	619	563	516	608	765	787	695	961	1,064	1,400
Dividend per share (Yen)	5	7.5	7.5	7.5	7.5	7.5	10	12.5	15	12.5	20	20
Number of shares outstanding (Thousand shares)	4,600	4,600	4,600	9,200	9,200	9,200	9,200	9,200	9,200	9,200	18,400	18,400

Note: Freund conducted a 2-for-1 common stock split on June 1, 2009 and March 1, 2016.
The dividends per share for FY2/16 and earlier have been adjusted to reflect the stock split.

IV. Freund Group Products for the Lithium-ion Battery Market

Machinery for Key Lithium-ion Battery Materials

● Equipment for manufacturing cathode and anode materials

▪ Pulverizing technologies

Able to pulverize electrically active materials to the required particle size distribution with nanometer precision ··· V Turbo, A Turbo

▪ Coating technologies

Coating of cathode and anode materials to improve surface properties ··· Airborne Coating System

▪ Powder consolidation adjusting technologies

Applying pressure to cathode and anode materials to increase the density

- ROLLER COMPACTOR



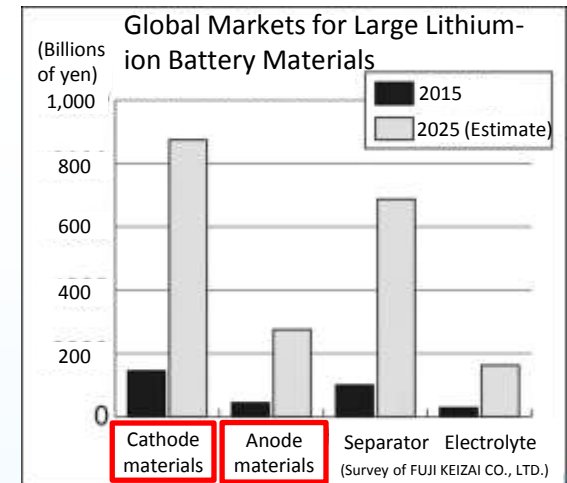
ROLLER COMPACTOR



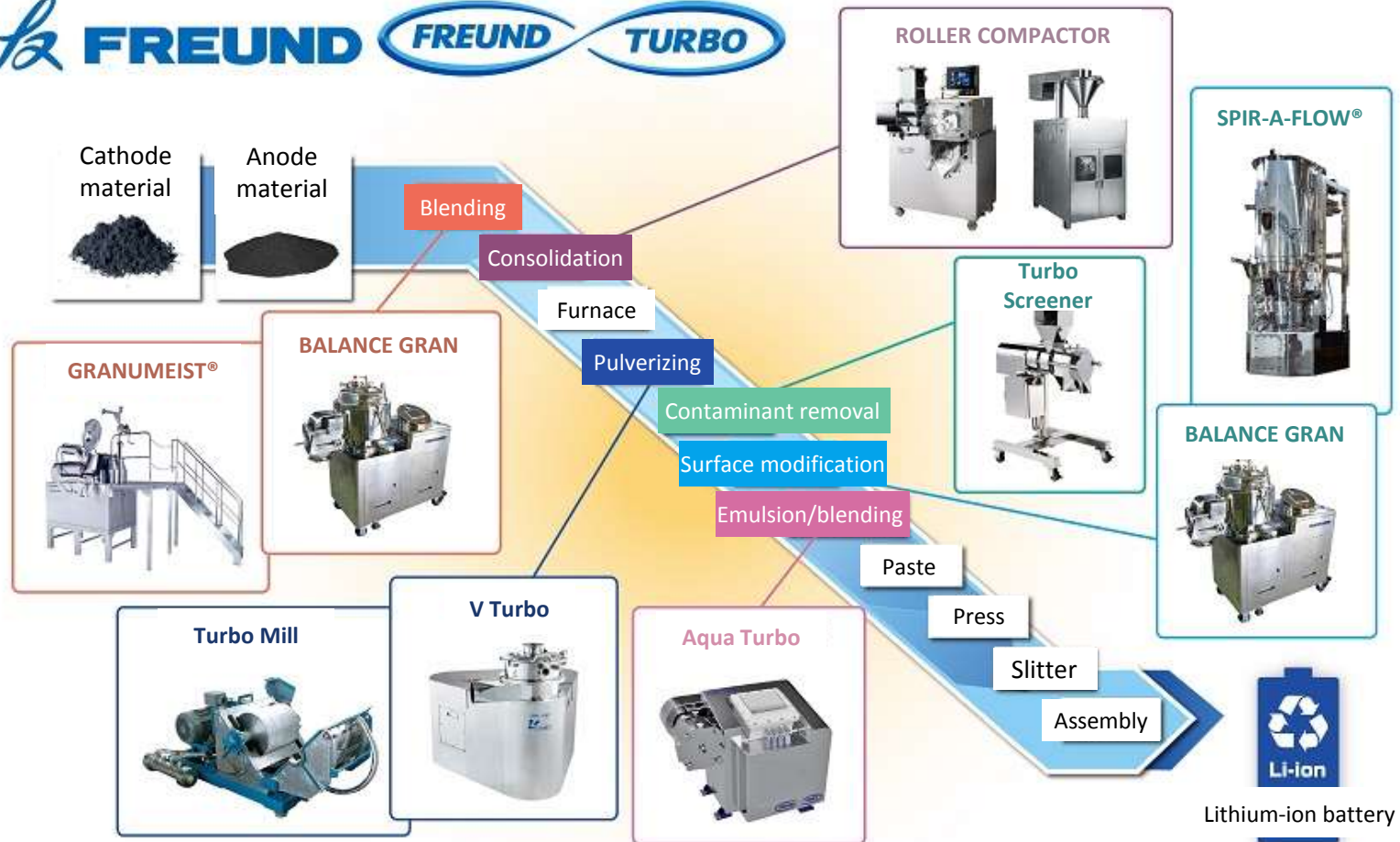
BALANCE GRAN



V Turbo



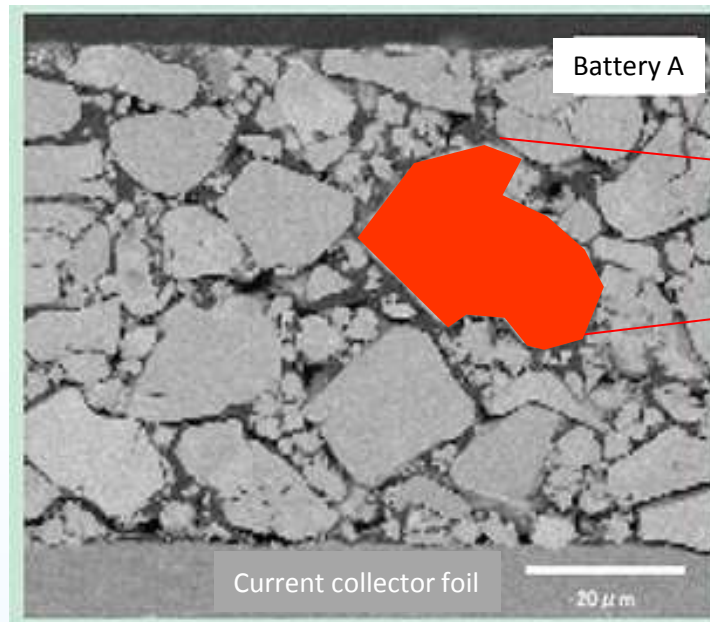
Lithium-ion Battery



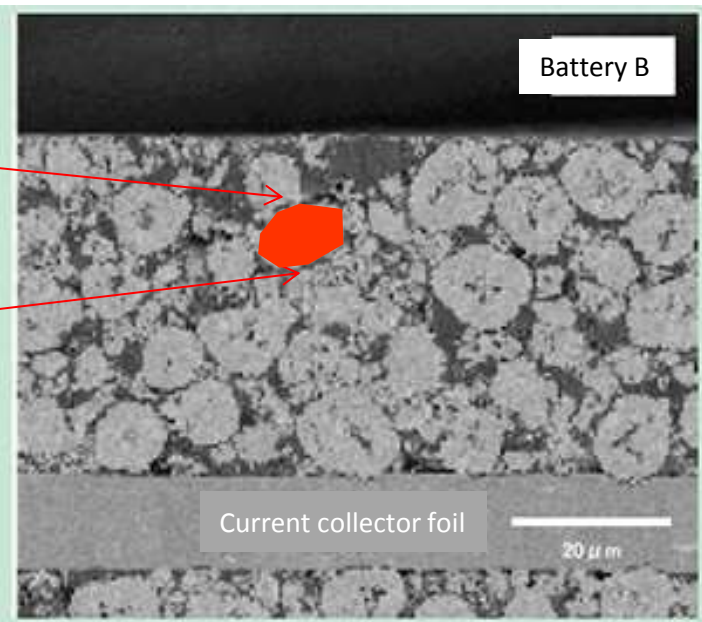
Fine Pulverization is Effective at Increasing Battery Capacity

- Battery manufacturers use the advanced pulverization technologies of Freund Group machinery as a means of improving the performance of materials and products

Conventional battery



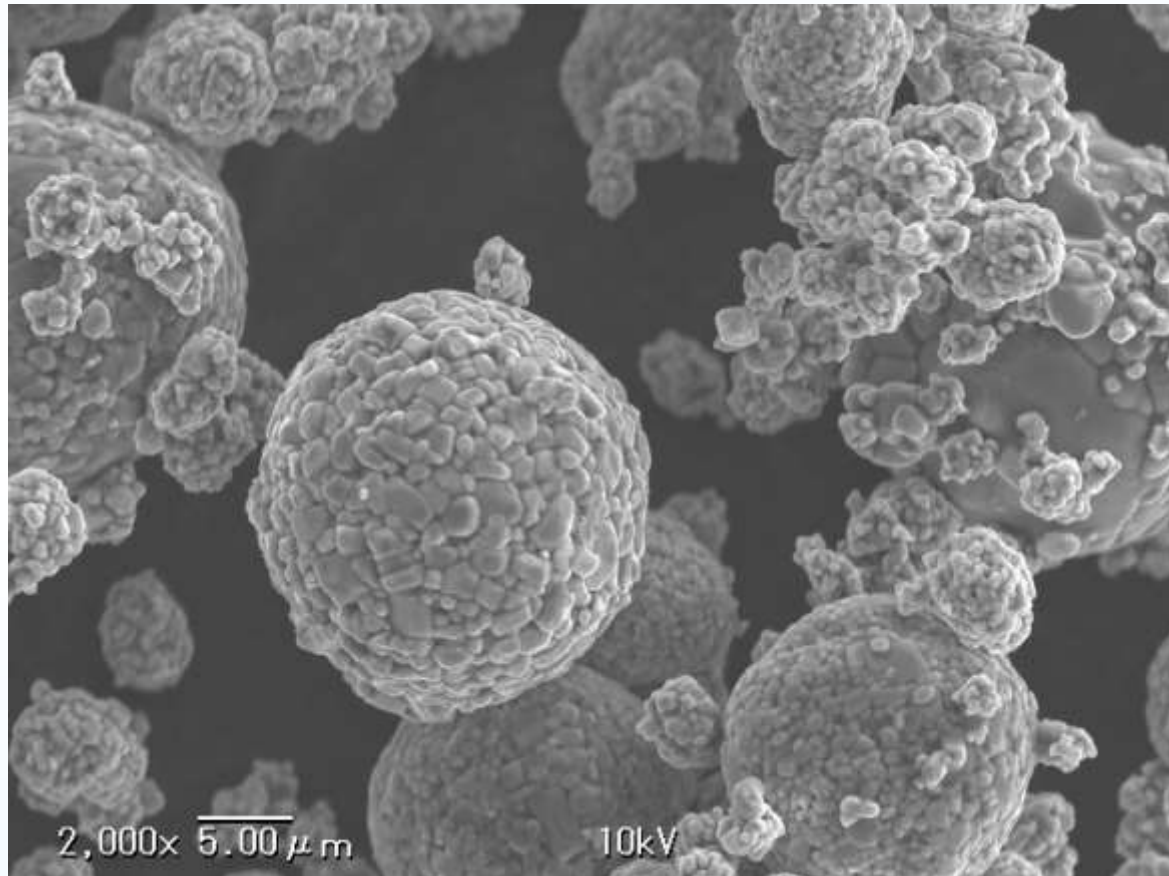
High-capacity battery



Cathode Material: Example of Coating

NCM* coated particle

Coating for particles smaller than the ones used in pharmaceuticals



* N: Nickel C: Cobalt M: Manganese

Joint Development Activities

- Yamagata University

- × EV (Electric Vehicle) IIDE Research Center

Base for creating a next-generation battery for a new Japanese electric vehicle



Develop a next-generation electric vehicle battery

Equipment for making prototypes of next-generation all-solid-state rechargeable lithium-ion batteries

The Freund Group Disclosure Policy

1. Basic disclosure policy

Freund positions the transparency of management as an important responsibility in order to be a company that can be a trusted member of society. To maintain this transparency, we always disclose information about the company in a manner that is fair and timely from the standpoint of all stakeholders.

2. Standard for disclosure

Freund discloses information in compliance with the Companies Act, Financial Instruments and Exchange Act, and other applicable laws and regulations. Disclosure also complies with the timely disclosure rules of securities exchanges where the company's stock is traded. In addition, Freund discloses information that is not covered by these laws and regulations and exchange rules in cases where the information is believed to be necessary for investment decisions.

3. Disclosure methods

Freund discloses information by using the Timely Disclosure network (TDnet) of the Tokyo Stock Exchange. To ensure the timeliness and fairness of information announced using TDnet, this information is posted promptly on Freund's website.

In addition, press releases and other information are promptly posted on Freund's website and made available in other ways to ensure disclosure fairness and speed. Furthermore, information in Japanese is supplied in English as much as possible to make information available to a large number of stakeholders.

4. Prevention of insider trading

For the prevention of insider trading, Freund's internal rules include provisions concerning basic items that must be observed regarding the proper management of internal information, Freund stock transactions and other matters. There are also activities for ensuring that Freund personnel understand insider trading restrictions and for overseeing stock and other transactions.

5. Silent period

To prevent leaks of information about earnings announcements, as well as to comply with laws and regulations and ensure the fairness of these announcements, Freund has a "silent period" that begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund will not reply to any questions concerning results of operations during this period. However, in the event of the possibility that results of operations will differ significantly from the forecast, Freund may disclose this information in accordance with timely disclosure rules.

6. Forward-looking statements

Information disclosed by Freund may contain information about the future other than sales and earnings forecasts, such as information about strategies and business plans. This information is based on the decisions of management by using information that was available at that time. As a result, actual performance may differ significantly from forward-looking statements due to changes in the economy and market conditions and other reasons.

(Established on March 27, 2017)

Investor Relations Policy

The Freund Board of Directors approved the following policy for investor relations activities on March 27, 2017.

Policy concerning constructive dialogues with shareholders and other investors

Freund has a strong commitment to conducting constructive dialogues with shareholders and other investors in order to contribute to the company's sustained growth and mid- to long-term growth in corporate value. By providing clear explanations of management policies, business operations and the corporate culture, Freund aims to earn the understanding of shareholders and other investors in order to continue to receive their support as "Freund fans."

1. Investor relations framework – The Corporate Communications Department responsible for investor relations oversees dialogues with shareholders and other investors under the direct supervision of the company's president. In addition, the president is assisted by a director who is in charge of investor relations.
To support these dialogues, Freund departments involved with dialogues cooperate, such as by preparing and checking disclosure materials and, as needed, sharing information, so that information is disclosed with fairness and speed.
2. Stakeholder dialogues – Freund holds information meetings about results of operations and other subjects following the end of the second quarter and fiscal year. Small meetings are held after the first and third quarters. Information provided at these meetings is posted on Freund's website. When a medium or long-term management plan is established, the company provides a clear explanation of strategic goals and business plans. In addition, Freund frequently visits institutional investors to explain its goals and performance. Freund also participates in investor forums held by securities companies, holds information meetings for individual investors, and conducts other activities for stakeholder dialogues.
The FREUND Integrated Report and other IR documents are distributed to shareholders and posted on Freund's website. This publication contains business and financial information as well as about the company's strengths that do not appear in the financial statements. By providing more information about the Freund Group, this publication aims to help the public understand the true corporate value of the group.
3. Feedback of shareholder/investor opinions – Opinions and other statements by shareholders and other investors at dialogues are passed on to the president, directors and others and the information is shared as needed.
4. Management of insider information – There are no shareholder/investor dialogues during each silent period, which begins on the day following the end of each fiscal year quarter and ends on the day of the earnings announcement for that quarter. Freund handles insider information strictly in compliance with internal rules concerning the management of internal information and restrictions on transactions by Freund personnel.

(Supplementary Materials)

- Company Overview
- Segment Information
- Quarterly Performance

Company Overview

- Company name : Freund Corporation

- Established : April 1964

- Representative : Iwao Fusejima, President & CEO

- Location : 6-25-13 Nishi-shinjuku, Shinjuku-ku, Tokyo, Japan

- Paid-in capital : 1,035,600,000 yen (As of February 28, 2017)

- Sales : 21,160 million yen (Fiscal year ended February 2017, consolidated)

- Number of employees : 390 (As of February 28, 2017, consolidated)

- Business : Machinery business- Manufacturing and sales of granulation and coating equipment and others
Chemicals business- Manufacturing and sales of pharmaceutical excipients, food preservatives, and others

- Subsidiaries : Freund-Vector Corporation, Freund-Turbo Corporation

The Freund Group and R&D Facilities



Our “Pen” (Machinery) and “Ink” (Chemicals) Business Model

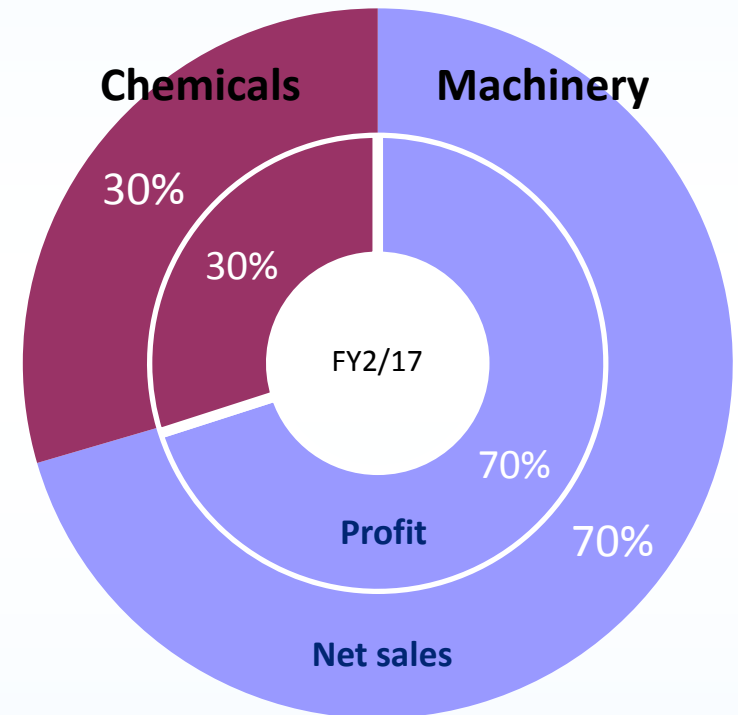
1. Machinery Business Segment (Pen)

- Manufacturing and sales of **granulation and coating equipment** for the pharmaceutical, food, and fine chemical industries.
- For coating equipment, Freund **ranks first in Japan** and sales growth is accelerating in Asian market and in Freund-Vector’s U.S. and European operations. **No other company in the world has expertise in both drug formulation technologies and the associated machinery.**
- Aiming to increase sales of machinery for industrial applications too by **combining** granulating and coating technologies **with milling and sieving technologies.**

2. Chemicals Business Segment (Ink)

- Manufacturing and sales of **pharmaceutical excipients, food preservatives, nutritional supplements, and others.**
- Freund uses **Good Manufacturing Practice (GMP) compliant equipment** to produce pharmaceutical excipients.
- Food preservatives made by Freund help ensure the safety of food by maintaining the quality of many types of products.
- By using its granulating and coating technologies, Freund has worked with customers to develop and commercialize nutritional supplements and seamless mini-capsules.

Composition of Net Sales and Profit by Segment



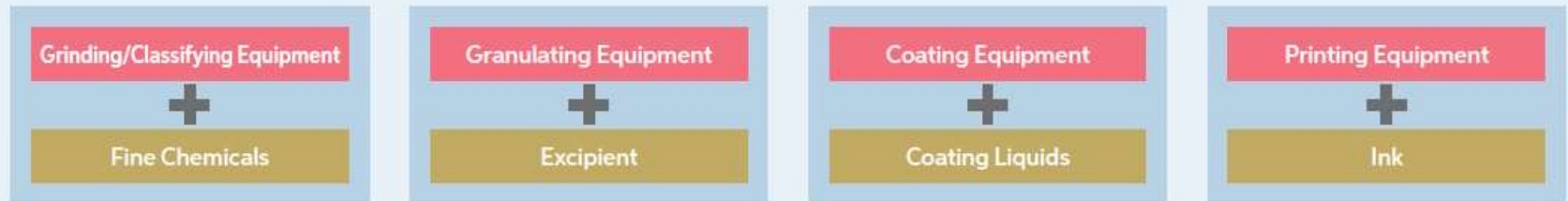
Consolidated sales: ¥21.16 billion
Consolidated operating profit: ¥2.04 billion

Freund Group's Business Fields

Note: The following information is excerpted from FREUND Integrated Report 2016 and 2017.

FREUND Group's Business Fields based upon Pharmaceutical Products Manufacturing Processes

FREUND Group Business Fields



Domestic	FREUND CORPORATION FREUND-TURBO CORPORATION	FREUND CORPORATION	FREUND CORPORATION	FREUND CORPORATION
Overseas	(FREUND-TURBO CORPORATION)	FREUND CORPORATION FREUND-VECTOR CORPORATION	FREUND CORPORATION FREUND-VECTOR CORPORATION	FREUND CORPORATION FREUND-VECTOR CORPORATION

Strengthen
Non-Pharmaceutical Product Field

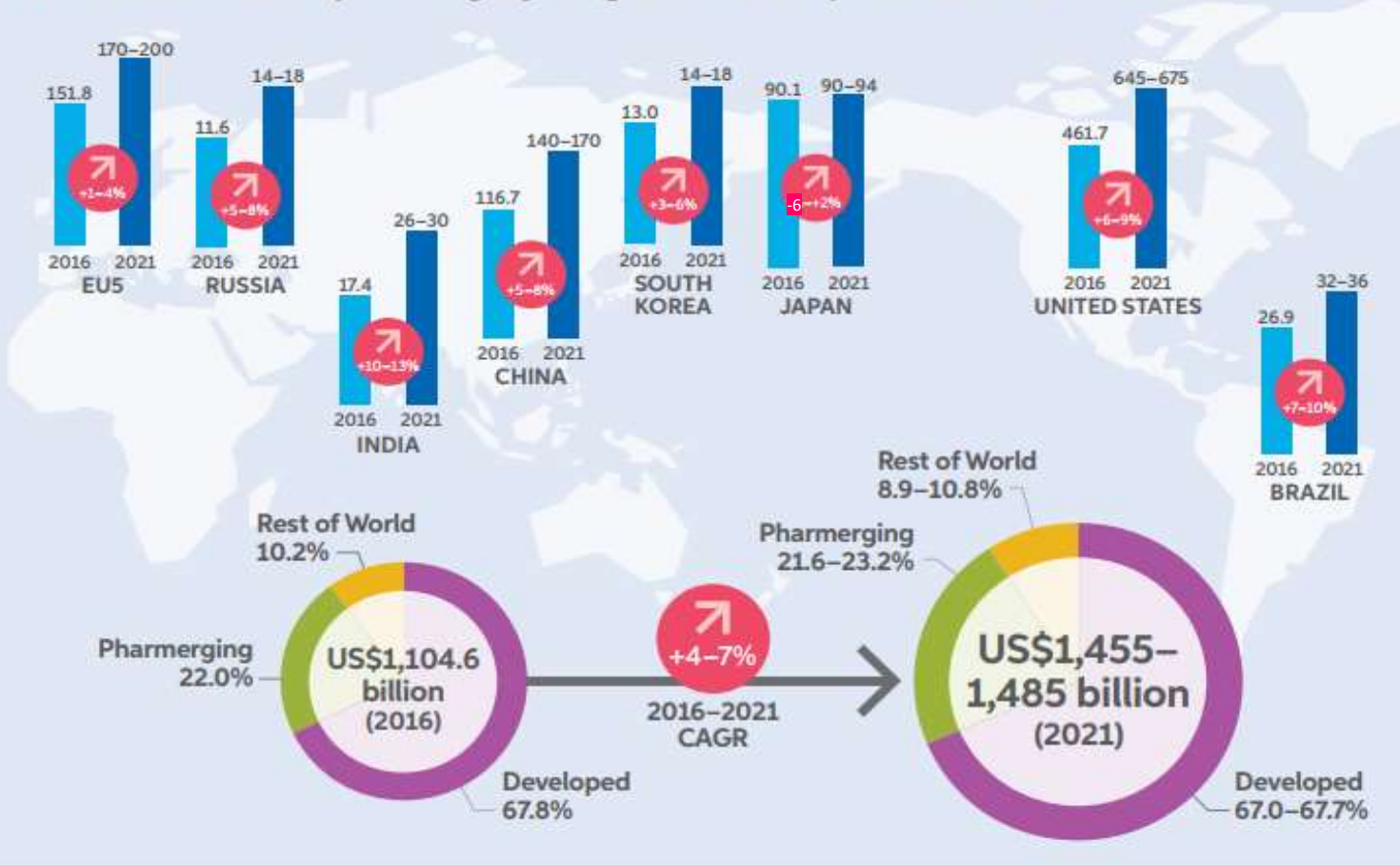
Fortify
Global Operations

Enter into
New Business Fields

Global Pharmaceutical Spending (2016-2021)

Pharmaceutical markets are growing rapidly in emerging countries

Pharmaceutical Spending by Region and Major Countries (US\$ billion)



Source: IMS Market Prognosis, October 2016

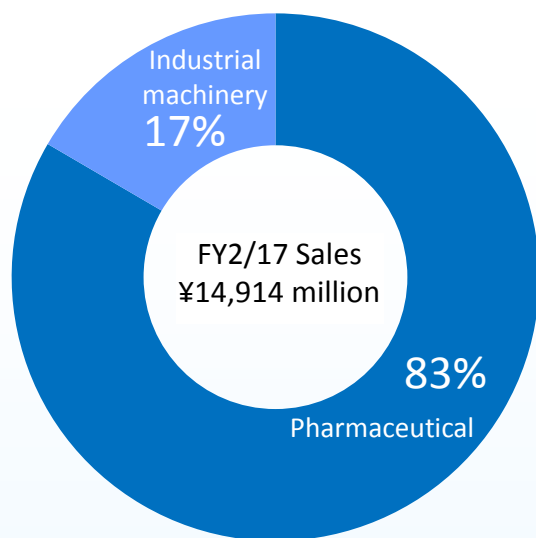
Notes:
 1. US\$-denominated expenditures are calculated using variable foreign exchange rates.
 2. Compound annual growth rates of US\$ denominations are based upon constant foreign exchange rates.
 3. EU5 countries include Germany, France, Italy, Spain and the United Kingdom.

Note:
 The information is excerpted from FREUND Integrated Report 2017.

Machinery Business: Main Products are Granulating and Coating Equipment for Pharmaceutical Companies

- In the machinery business, pharmaceutical machinery is 83% of sales and industrial machinery is 17%
- Granulating and coating equipment for pharmaceutical companies are the core products
Start of accepting orders for tablet printers
- Industrial machinery sales are increasing

Sales Composition
(FY2/17)



Continuous granulating device (Granuformer®)

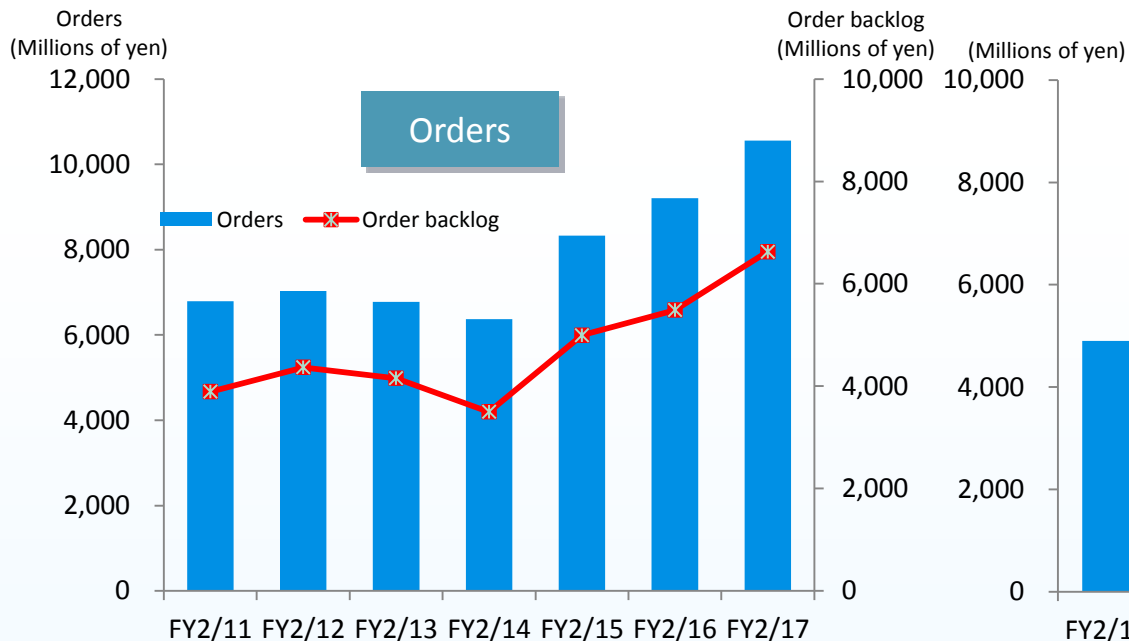
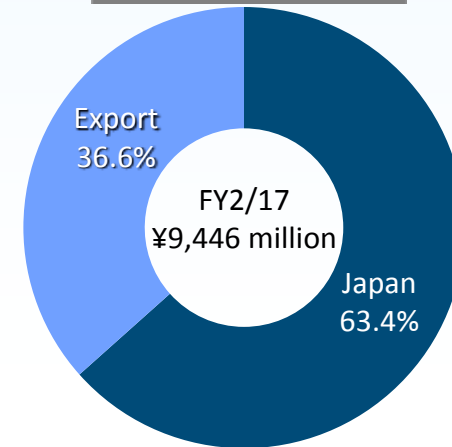
Automated tablet coating device (HICOATER FZ)



Machinery Business: Freund Corporation

- Pharmaceutical machinery is the main source of growth
- Orders for pharmaceutical machinery are strong in Japan and Asia

Sales by Region



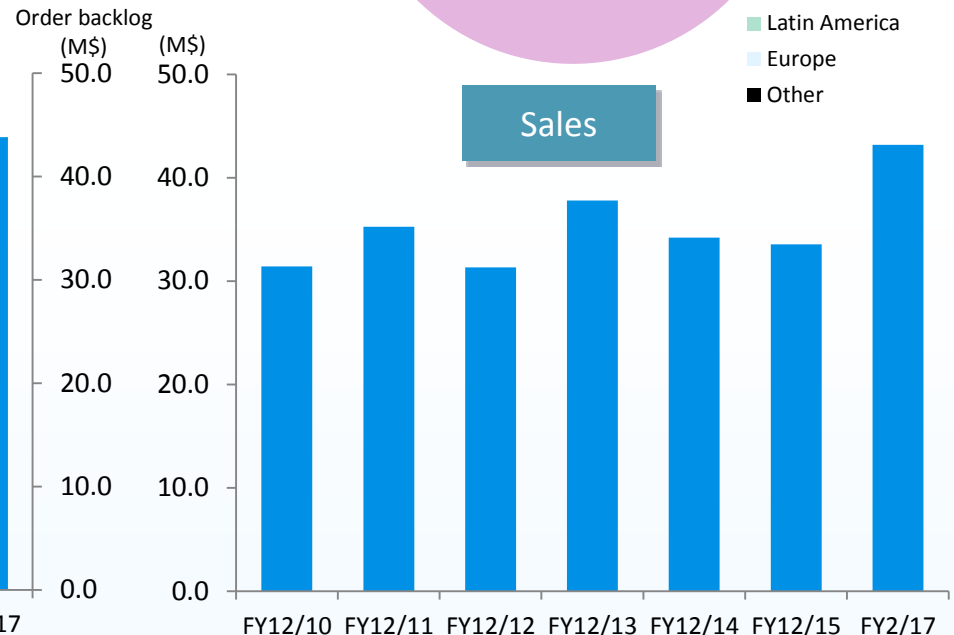
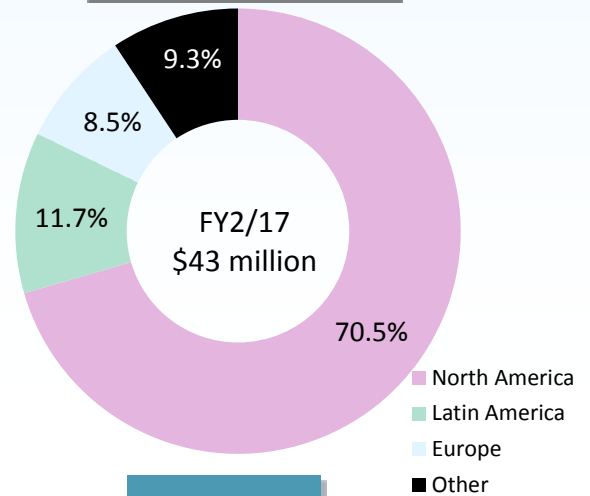
Sales



Machinery Business: Freund-Vector Corporation

- Strong orders and sales in North America
- Received large order in the food sector

Sales by Region



*In 2016, Freund-Vector Corporation changed the end of its fiscal year from December 31 to the end of February. Consequently, FY2/17 results include the 14-month period from January 1, 2016 to February 28, 2017.

Machinery Business: Effective Use of Group Resources

Production

A HICOATER machine for customers
outside Japan (HICOATER ORIGINAL)

Manufacture



Receipt of orders
and sales
(Sales to India and other
Asian countries)

Freund-Vector

Freund Corporation

Development and Sales

F: Freund Corporation
F-V: Freund-Vector Corporation
F.T: Freund-Turbo Corporation

	Development	Sales
HICOATER FZ	F	F / F-V
GRANUREX®	F	F / F-V
SPHEREX®	F	F / F-V
Compu 4 (control system)	F-V	F / F-V
FLOW COATER 12 Bar	F-V	F / F-V
Turbo Screener	F.T	F.T / F-V

The FREUND Group Business Portfolio

*1 In business fields, △ indicates fields where the group companies supplies some products.
*2 In internal processes, △ indicates processes where some steps are outsourced.

Business	Company	Business fields*1			Internal processes*2		
		Pharmaceutical products	Non-pharmaceutical products	Development/design	Manufacturing	Test	
Machinery	Freund Corporation	○	○	○	-	○	
	Freund-Vector Corporation	○	△	○	○	○	
	Freund-Turbo Corporation	△	○	○	○	○	
Chemicals	Freund Corporation	○ (Pharmaceutical excipients)		○	△	○	
			○ (Functional food materials)	○	○	○	
			○ (Food preservatives)	○	△	○	

Chemicals Business: A Growing Product Lineup for the Healthcare Sector

- About one-third of sales is pharmaceutical excipients, food preservatives, nutritional supplements and other products made for other companies
- Sales of pharmaceutical excipients for generic drugs continue to increase

1. Pharmaceutical excipients

- Directly compressible mannitol
- Adsorbent/solidified agents/fluidized agents
- White coloring agents
- Lubricant agents
- Luster agents



2. Food preservatives

- Food excipients
- Food quality preserving agents



3. Nutritional supplements/others

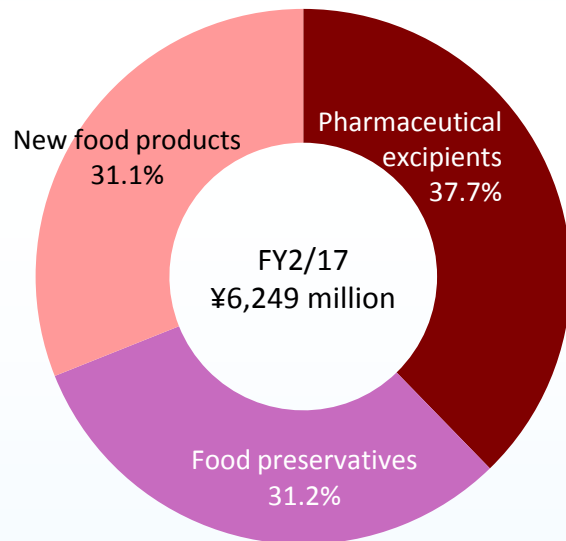
- Seamless mini capsule
- AQ shelax® (aqueous liquid)
- Supplements



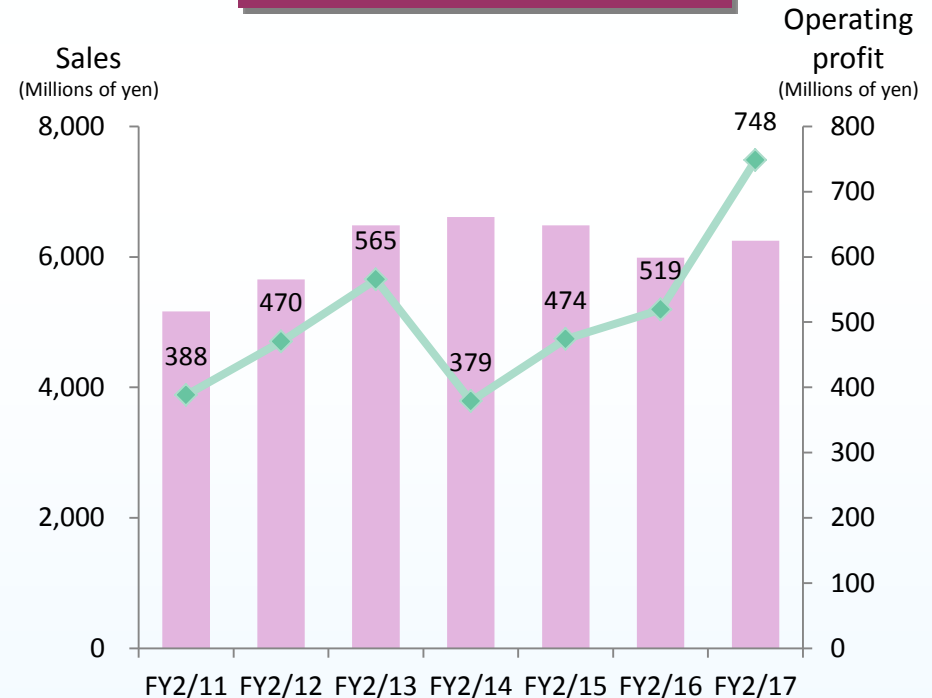
Chemicals Business: Composition

- Strong sales of pharmaceutical excipients to manufacturers of generic drugs
- For new food products, production increases by users were larger than expected

Sales Composition



Sales and Operating Profit



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